

Message Text

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PAGE 01 CAIRO 00461 291340Z

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ACTION TRSE-00

INFO OCT-01 NEA-11 ISO-00 SSO-00 SS-20 NSCE-00 EB-11 INR-10

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FM USINT CAIRO

TO SECSTATE WASHDC IMMEDIATE 5163

C O N F I D E N T I A L CAIRO 0461

EO 11652: GDS

TAGS: BEXP EG

SUBJECT: BECHTEL-EGYPTIAN NEGOTIATIONS: MESSAGE FOR SECRETARY
TREASURY

1. JOHN O'CONNELL, BECHTEL, HAS REQUESTED FOLLOWING BE
PASSED SECRETARY TREASURY SCHULTZ SOONEST:

QUOTE: AS YOU REQUESTED, REPORT FROM ME:

"1. REGRET TO ADVISE IN MY OPINION BECHTEL PARTICIPA-
TION IN SUMED PIPELINE IS IN SERIOUS JEOPARDY.

"2. SUMED ORGANIZATION HAS NOT ARRANGED ACCEPTABLE
FINANCIAL GUARANTEE REQUIRED BY CONTRACT.

"3. WE SIGNED CONTRACT ON BASIS CONTEMPORANEOUS
SUPPLEMENTAL AGREEMENT WHICH DEALT WITH CERTAIN INCREASES
IN PRICE OF MATERIALS AND EQUIPMENT SINCE SEPT 30, 1973.
THIS IS BEING CONSTRUED BY EGYPTIANS IN MANNER WE BELIEVE
CONTRARY TO ORIGINAL INTENT AND WHICH WOULD INEVITABLY
LEAD TO DELAYS IN COMPLETION AND SUBSTANTIAL INCREASES
IN COSTS. THIS DETRIMENTAL TO PROJECT AND UNDER THESE
CONDITIONS WE UNWILLING TO BE ASSOCIATED WITH AN UNDER-
TAKING NOT IN OUR OR EGYPTIAN BEST INTERESTS.

"4. ON OUR RETURN, WILL STOP IN WASHINGTON AND ADVISE
YOU AND SECRETARY KISSINGER ON DETAILS. END QUOTE
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PAGE 02 CAIRO 00461 291340Z

2. PLEASE ALSO PASS ABOVE MESSAGE TO KEITH THOMSEN,
BECHTEL, 1620 I STREET NW, TELEPHONE 393-4747, WITH
REQUEST HE INFORM BECHTEL, SAN FRANCISCO.

3. COMMENT: O'CONNELL AND BECHTEL TEAM WILL MEET WITH
ME AT 1630 TODAY FOR FURTHER DISCUSSIONS OF THIS MATTER.
I WILL, OF COURSE, BE PREPARED TO DO WHAT I CAN TO HELP.
IF BECHTEL WERE TO PULL OUT OF WELL-PUBLICIZED SUMED
PROJECT, IT WOULD UNQUESTIONABLY HAVE BAD REPERCUSSIONS
ON US/EGYPTIAN RELATIONS.
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